

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: JULY 31, 2014

SUBJECT: COMPLIANCE FILING FOR CASE NO. IPC-E-13-21

BACKGROUND

In Order No. 32697, the Commission directed a case be initiated outside of each utility's Integrated Resource Plan (IRP) filing for the establishment of the capacity deficiency period to be utilized in the utility's SAR methodology. Idaho Power filed its 2013 IRP with the Commission on June 28, 2013. On November 4, 2013, Idaho Power filed an Application for approval of the capacity deficiency period to be utilized in the SAR avoided cost methodology. Idaho Power reported that its first deficit occurs in July 2021.

The case was processed by Modified Procedure. Commission Staff and the Idaho Irrigation Pumpers Association filed comments. Idaho Power filed a reply. On April 8, 2014, the Commission issued Order No. 33016 approving July 2013 as Idaho Power Company's first capacity deficit to be utilized in the Company's SAR methodology.

On April 29, 2014, Idaho Power filed a Petition for Reconsideration pursuant to *Idaho Code* § 61-626. The Commission granted reconsideration and established comment and reply deadlines. Order No. 33042. Pursuant to *Idaho Code* § 61-626(3), the Commission stayed the effects of Order No. 33016 until reconsideration was complete.

FINAL ORDER ON RECONSIDERATION

On July 30, 2014, based on the Company's demonstrated demand response program participation, as well as the factors considered in final Order No. 33016 (IRP, updated load forecast, updated natural gas forecast, new and terminated PURPA contracts and long term power purchase agreements), the Commission determined that it is fair, just and reasonable for the Idaho


Power to utilize July 2021 as the capacity deficiency date to be used in the Company's SAR methodology. Order No. 33084.

STAFF REVIEW

Commission Staff has recomputed avoided cost rates for Idaho Power based on the Commission's finding of capacity deficiency (for purposes of the SAR methodology) in July 2021. A copy of the rates computed by Staff is attached. The application of the Commission's capacity deficiency determination is arithmetic. Staff recommends that the attached avoided cost rates for Idaho Power be approved, effective July 30, 2014.

COMMISSION DECISION

Does the Commission wish to approve the changes in rates based on a capacity deficiency determination of July 2021 – effective July 30, 2014?



Kristine Sasser
Deputy Attorney General

M:IPC-E-13-21_ks3

IDAHO POWER COMPANY AVOIDED COST RATES FOR WIND PROJECTS July 30, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	35.10	32.67	31.95	34.83	38.36	40.96	2014	35.10
2	33.93	32.32	33.33	36.53	39.61	41.05	2015	32.67
3	33.32	33.09	34.88	37.89	40.08	42.58	2016	31.95
4	33.66	34.26	36.23	38.61	41.40	43.55	2017	34.83
5	34.46	35.40	37.06	39.87	42.34	44.45	2018	38.36
6	35.34	36.18	38.28	40.83	43.22	45.35	2019	40.96
7	35.99	37.28	39.25	41.72	44.11	46.17	2020	41.14
8	36.92	38.18	40.14	42.60	44.90	46.78	2021	46.02
9	37.72	39.03	41.01	43.40	45.53	47.33	2022	46.97
10	38.48	39.86	41.81	44.04	46.08	47.86	2023	48.82
11	39.23	40.62	42.46	44.61	46.62	48.48	2024	51.13
12	39.93	41.25	43.05	45.16	47.23	49.18	2025	52.63
13	40.52	41.82	43.60	45.77	47.90	49.88	2026	52.76
14	41.06	42.36	44.20	46.42	48.57	50.61	2027	53.67
15	41.57	42.94	44.84	47.07	49.27	51.37	2028	55.07
16	42.11	43.55	45.47	47.75	49.99	52.13	2029	58.37
17	42.69	44.16	46.13	48.44	50.72	52.89	2030	61.79
18	43.26	44.78	46.79	49.13	51.44	53.73	2031	64.38
19	43.84	45.42	47.45	49.82	52.23	54.53	2032	67.85
20	44.43	46.04	48.12	50.57	52.99	55.27	2033	71.49
							2034	74.78
							2035	78.31
							2036	84.74
							2037	87.54
							2038	89.23
							2039	93.64

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2014 released May 7, 2014. See "Annual Energy Outlook 2014, Table 18, Mountain Data, http://www.eia.gov/forecasts/aeo/tables_ref.cfm

IDAHO POWER COMPANY AVOIDED COST RATES FOR SOLAR PROJECTS July 30, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects 100 kW or smaller.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	35.10	32.67	31.95	34.83	38.36	40.96	2014	35.10
2	33.93	32.32	33.33	36.53	39.61	41.05	2015	32.67
3	33.32	33.09	34.88	37.89	40.08	51.57	2016	31.95
4	33.66	34.26	36.23	38.61	47.87	57.12	2017	34.83
5	34.46	35.40	37.06	44.83	52.75	60.82	2018	38.36
6	35.34	36.18	42.24	49.15	56.31	63.65	2019	40.96
7	35.99	40.53	46.08	52.47	59.13	65.87	2020	41.14
8	39.65	43.91	49.14	55.20	61.42	67.59	2021	75.26
9	42.59	46.69	51.73	57.45	63.23	69.02	2022	76.64
10	45.08	49.08	53.91	59.28	64.76	70.28	2023	78.92
11	47.26	51.14	55.71	60.85	66.11	71.52	2024	81.67
12	49.15	52.86	57.27	62.24	67.42	72.75	2025	83.62
13	50.76	54.37	58.66	63.57	68.69	73.92	2026	84.20
14	52.18	55.71	59.98	64.85	69.89	75.07	2027	85.57
15	53.46	57.00	61.26	66.06	71.06	76.21	2028	87.44
16	54.69	58.24	62.46	67.24	72.21	77.31	2029	91.21
17	55.87	59.40	63.62	68.37	73.31	78.38	2030	95.11
18	56.98	60.53	64.74	69.47	74.38	79.50	2031	98.19
19	58.05	61.61	65.81	70.53	75.49	80.56	2032	102.15
20	59.08	62.65	66.85	71.61	76.54	81.55	2033	106.30
							2034	110.09
							2035	114.14
							2036	121.09
							2037	124.43
							2038	128.66
							2039	131.62

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2014 released May 7, 2014. See "Annual Energy Outlook 2014, Table 18, Mountain Data, http://www.eia.gov/forecasts/aeo/tables_ref.cfm

IDAHO POWER COMPANY AVOIDED COST RATES FOR NON-SEASONAL HYDRO PROJECTS July 30, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	35.10	32.67	31.95	34.83	38.36	40.96	2014	35.10
2	33.93	32.32	33.33	36.53	39.61	41.05	2015	32.67
3	33.32	33.09	34.88	37.89	40.08	50.70	2016	31.95
4	33.66	34.26	36.23	38.61	47.24	55.80	2017	34.83
5	34.46	35.40	37.06	44.35	51.74	59.23	2018	38.36
6	35.34	36.18	41.86	48.34	55.04	61.87	2019	40.96
7	35.99	40.22	45.41	51.43	57.67	63.96	2020	41.14
8	39.39	43.35	48.27	53.97	59.82	65.57	2021	72.42
9	42.12	45.95	50.69	56.09	61.51	66.91	2022	73.76
10	44.44	48.19	52.74	57.81	62.95	68.10	2023	76.00
11	46.48	50.12	54.43	59.27	64.22	69.29	2024	76.70
12	48.26	51.73	55.89	60.58	65.46	70.46	2025	80.61
13	49.77	53.15	57.20	61.84	66.67	71.59	2026	81.15
14	51.10	54.42	58.45	63.06	67.82	72.70	2027	82.47
15	52.31	55.64	59.67	64.22	68.95	73.79	2028	84.30
16	53.47	56.81	60.81	65.34	70.05	74.86	2029	88.02
17	54.59	57.93	61.92	66.44	71.12	75.91	2030	91.88
18	55.65	59.00	62.99	67.49	72.16	77.00	2031	94.91
19	56.67	60.04	64.03	68.52	73.23	78.04	2032	98.82
20	57.66	61.04	65.03	69.57	74.25	79.00	2033	102.92
							2034	106.66
							2035	110.67
							2036	117.56
							2037	120.85
							2038	123.02
							2039	127.93

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2014 released May 7, 2014. See "Annual Energy Outlook 2014, Table 18, Mountain Data, http://www.eia.gov/forecasts/aeo/tables_ref.cfm

IDAHO POWER COMPANY AVOIDED COST RATES FOR SEASONAL HYDRO PROJECTS July 30, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
CONTRACT LENGTH (YEARS)	LEVELIZED						NON-LEVELIZED	
	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	35.10	32.67	31.95	34.83	38.36	40.96	2014	35.10
2	33.93	32.32	33.33	36.53	39.61	41.05	2015	32.67
3	33.32	33.09	34.88	37.89	40.08	56.81	2016	31.95
4	33.66	34.26	36.23	38.61	51.64	65.03	2017	34.83
5	34.46	35.40	37.06	47.73	58.83	70.37	2018	38.36
6	35.34	36.18	44.56	54.00	63.94	74.32	2019	40.96
7	35.99	42.43	50.06	58.74	67.80	77.37	2020	41.14
8	41.25	47.25	54.40	62.54	71.05	79.72	2021	92.31
9	45.43	51.16	57.98	65.65	73.56	81.67	2022	93.94
10	48.93	54.47	60.97	68.18	75.65	83.35	2023	96.48
11	51.94	57.28	63.44	70.32	77.48	84.96	2024	99.48
12	54.53	59.63	65.57	72.20	79.19	86.50	2025	101.69
13	56.74	61.68	67.44	73.95	80.82	87.95	2026	102.54
14	58.67	63.50	69.19	75.61	82.33	89.34	2027	104.18
15	60.40	65.20	70.84	77.14	83.77	90.69	2028	106.32
16	62.02	66.81	72.37	78.60	85.17	91.99	2029	110.36
17	63.55	68.30	73.82	80.00	86.49	93.25	2030	114.55
18	64.98	69.71	75.20	81.33	87.77	94.53	2031	117.91
19	66.33	71.06	76.52	82.60	89.06	95.75	2032	122.16
20	67.63	72.33	77.77	83.88	90.28	96.88	2033	126.60
							2034	130.69
							2035	135.05
							2036	142.30
							2037	145.95
							2038	148.49
							2039	153.78

Note: A "seasonal hydro project" is defined as a generation facility which produces at least 55% of its annual generation during the months of June, July, and August. Order 32802.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2014 released May 7, 2014. See "Annual Energy Outlook 2014, Table 18, Mountain Data, http://www.eia.gov/forecasts/aeo/tables_ref.cfm

IDAHO POWER COMPANY AVOIDED COST RATES FOR OTHER PROJECTS July 30, 2014 \$/MWh New Contracts and Replacement Contracts without Full Capacity Payments								
Eligibility for these rates is limited to projects smaller than 10 aMW.								
LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2014	2015	2016	2017	2018	2019		
1	35.10	32.67	31.95	34.83	38.36	40.96	2014	35.10
2	33.93	32.32	33.33	36.53	39.61	41.05	2015	32.67
3	33.32	33.09	34.88	37.89	40.08	48.33	2016	31.95
4	33.66	34.26	36.23	38.61	45.54	52.23	2017	34.83
5	34.46	35.40	37.06	43.04	49.00	54.92	2018	38.36
6	35.34	36.18	40.81	46.15	51.59	57.05	2019	40.96
7	35.99	39.36	43.61	48.59	53.71	58.77	2020	41.14
8	38.67	41.84	45.90	50.66	55.46	60.09	2021	64.72
9	40.84	43.93	47.87	52.39	56.85	61.20	2022	65.84
10	42.70	45.76	49.55	53.79	58.03	62.19	2023	68.07
11	44.36	47.34	50.94	55.00	59.08	63.22	2024	70.66
12	45.83	48.67	52.14	56.08	60.14	64.25	2025	72.44
13	47.07	49.84	53.23	57.15	61.19	65.25	2026	72.86
14	48.17	50.90	54.29	58.21	62.21	66.25	2027	74.07
15	49.17	51.93	55.34	59.22	63.21	67.25	2028	75.77
16	50.15	52.95	56.34	60.21	64.20	68.23	2029	79.37
17	51.12	53.91	57.31	61.19	65.17	69.19	2030	83.10
18	52.03	54.85	58.27	62.14	66.11	70.21	2031	86.00
19	52.92	55.77	59.19	63.06	67.10	71.18	2032	89.78
20	53.80	56.66	60.09	64.02	68.05	72.08	2033	93.75
							2034	97.36
							2035	101.23
							2036	107.99
							2037	111.13
							2038	113.16
							2039	117.93

Note: "Other projects" refers to projects other than wind, solar, non-seasonal hydro, and seasonal hydro projects. These "Other projects" may include (but are not limited to): cogeneration, biomass, biogas, landfill gas, or geothermal projects.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2014 released May 7, 2014. See "Annual Energy Outlook 2014, Table 18, Mountain Data, http://www.eia.gov/forecasts/aeo/tables_ref.cfm